

FISCAL NOTE

HB 199 - SB 94

March 10, 2003

SUMMARY OF BILL: Enacts the Fiscal Accountability in Economic Development Act of 2003, which:

- Requires the Department of Revenue to submit an annual unified economic development budget to the general assembly each year.
- Requires the State Board of Equalization to submit to the Department of Revenue copies of their property tax exemption reports.
- Requires local governments that grant property tax incentives to report to the Department of Revenue the amount of property tax revenue that would have been received in the absence of the incentives.
- Requires the Department of Revenue to compile and publish the data acquired pursuant to the aforementioned provisions of the bill in written and electronic form.
- Requires subsidy applicants to complete a standardized application.
- Requires each granting body to file a standardized progress report with the Department of Economic and Community Development each year for each grant that has been awarded.
- Requires the Department of Economic and Community Development to compile and publish data acquired pursuant to the aforementioned provisions of the bill in written and electronic form.
- Provides for recovery of grant money in the event of noncompliance on the part of the recipient corporation or corporate parent.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$208,000 Recurring
\$51,000 One-Time**

Increase Local Govt. Revenues - Exceeds \$5,000,000

Estimate assumes:

- \$100,000,000 in property tax revenue was foregone by local governments as a result of economic development programs in 2002.
- The increase in local government revenue is attributable to a 5% decrease in foregone property taxes in association with noncompliance by grant recipients with the provisions of this bill.
- The increase to state expenditures includes \$80,000 for two new staff members in the Department of Economic and Community Development and \$80,000 for two new staff members in the Department of Revenue. The remaining \$48,000 in cost to the two departments is the result of administrative and travel expenses.
- \$51,000 in one-time developmental and systems expenditures to implement the program for the Departments of Economic and Community Development, Revenue and Treasury to implement the program.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director